# GOVERNMENT OF INDIA
# CIVIL AVIATION
# LOK SABHA

UNSTARRED QUESTION NO:4734
ANSWERED ON:15.12.2016
User Charges
Dubey Shri Satish Chandra;Owaisi Shri Asaduddin;Rajesh Shri M. B.

**Will the Minister of CIVIL AVIATION be pleased to state:**

(a) whether the Government has any proposal either to abolish or reduce User Development Fee and other Cess being charged by the Ministry;

(b) if so, the details thereof and the steps being taken by the Government to make air travel cheaper;

(c) whether his Ministry has recently issued orders detailing several passenger friendly steps including additional charges, cancellation charges and refund, if so, the details thereof;

(d) whether these orders have come into effect from 1st August, 2016, if so, the details thereof and the reaction of the airlines thereto;

(e) whether the Government has issued orders to refund all statutory taxes in case of flight cancellations, if so, the details thereof and provision made in this regard;

(f) whether the extra baggage fee has also been reduced and if so, the details thereof; and

(g) whether the Government has any proposal to compensate the increasing losses of public and private sector airlines and if so, the details thereof?

## Answer

Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Sinha)

(a) & (b): Government of India has established Airports Economic Regulatory Authority (AERA) under AERA Act, 2008 for determination of tariff in respect of aeronautical services provided at the major airports in the country. Accordingly, AERA determines aeronautical tariff at major airports considering the investment of airport operator, services provided, cost for improving efficiency, economic and viable operations of the airport etc. While determining tariff for aeronautical services, User Development Fees (UDF) is considered by AERA as a revenue enhancing measure to bridge any revenue shortfall, so that the airport operator is able to get a fair rate of return on investment.;
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(c) to (e): As per prevailing CAR Section 3, Series "M", Part II issued by DGCA effective as on date, airlines are required to return the PSF collected by them from the passengers on non-utilization / cancellation of tickets. As per the Revision-1 of the CAR effective from 01.08.2016, the airlines are required to refund all statutory taxes and User Development Fee (UDF) / Airport Development Fee (ADF) / Passenger Service Fee (PSF) to the passengers in case of cancellation / non-utilization of tickets / no show. Under no circumstances, the airlines can levy cancellation charges more than the basic fare plus fuel surcharge. The airlines shall not levy any additional charge to process the refund.;
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(f): DGCA has issued Air Transport Circular (ATC) 02 of 2016 on "Unbundle of services and fees by scheduled airlines" in this regard. As per the circular, there is no fees to be paid for the check in baggage up to 15 Kgs and for check in baggage between 15-20 Kgs, the charge per kg shall not be more than INR 100.;

(g): Government has laid down Route Dispersal Guidelines with a view to achieve better regulation of air transport services in the country. Subject to compliance of RDG provisions, airlines are free to provide air services to specific places depending upon the traffic demand and commercial viability. Further, Airports Authority of India (AAI) grants certain concessions/exemptions in airport charges to encourage airline connectivity of remote areas of the country. Besides, the Regional Connectivity Scheme under the National Civil Aviation Policy, 2016 envisages providing affordable connectivity across the country by way of providing viability gap funding (VGF) to the airlines operating in the non-viable routes, concessions from stakeholders viz. State Governments, Airport operators etc.